



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction

A.22-11-
(Filed November 9, 2022)

**JOINT APPLICATION OF CORIX INFRASTRUCTURE INC., CORIX
INFRASTRUCTURE (US) INC., IIF SUBWAY INVESTMENT LP, SW MERGER
ACQUISITION CORP., SOUTHWEST WATER COMPANY, AND SUBURBAN
WATER SYSTEMS (U339W) FOR APPROVAL OF A BUSINESS COMBINATION
TRANSACTION**

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November 9, 2022

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I. INTRODUCTION

Pursuant to Section 854(a) of the California Public Utilities Code and Article 2 and Rule 3.6 of the Commission's Rules of Practice and Procedure, Suburban Water Systems ("Suburban"), along with Corix Infrastructure Inc. ("CII"), Corix Infrastructure (US) Inc. ("Corix US"), IIF Subway Investment LP ("IIF Subway"), SouthWest Water Company ("SouthWest"), and SW Merger Acquisition Corp. ("SWMAC") (collectively, "Applicants"), respectfully request that the Commission authorize the transfer of indirect control of Suburban, a Class A water company that provides public utility water service in California.

II. SUMMARY

The Applicants respectfully request that the Commission authorize a proposed merger of SWMAC and Corix US to create a larger, stronger water and wastewater company. The proposed transaction does not involve a change in direct control of

Suburban. Nor does the transaction involve a transfer of the stock of Suburban. Figure 1 depicts the simplified organization of Corix US and SWMAC before the transaction, and Figure 2 provides a simplified organization chart reflecting the combined company after SWMAC merges with and into Corix US. In short, the transaction brings together two similarly-sized, like-minded water and wastewater businesses that share a common mission, vision and values. The combined company will have additional scale and will be well-positioned to make the long-term investments needed to deliver water safely, reliably, and sustainably to customers in California.

Figure 1

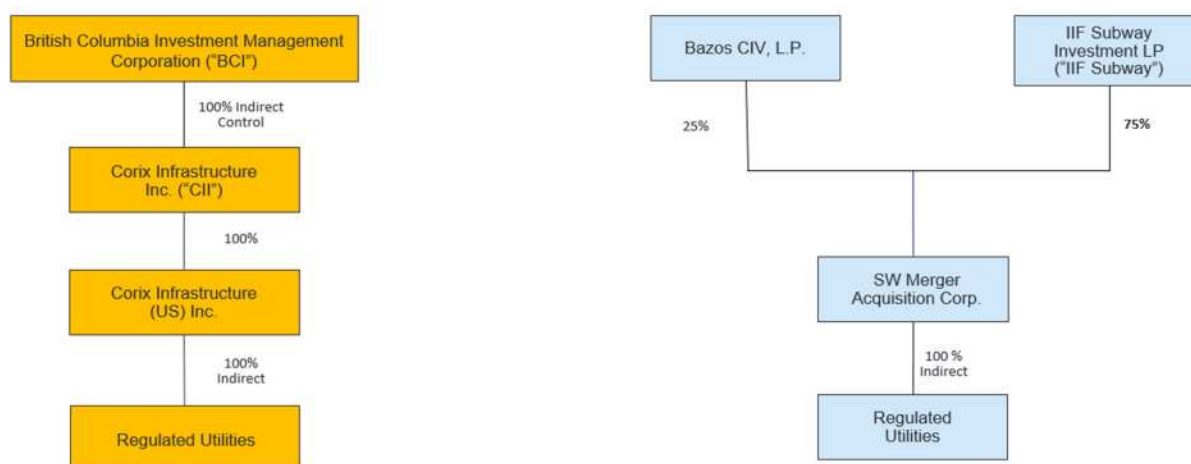
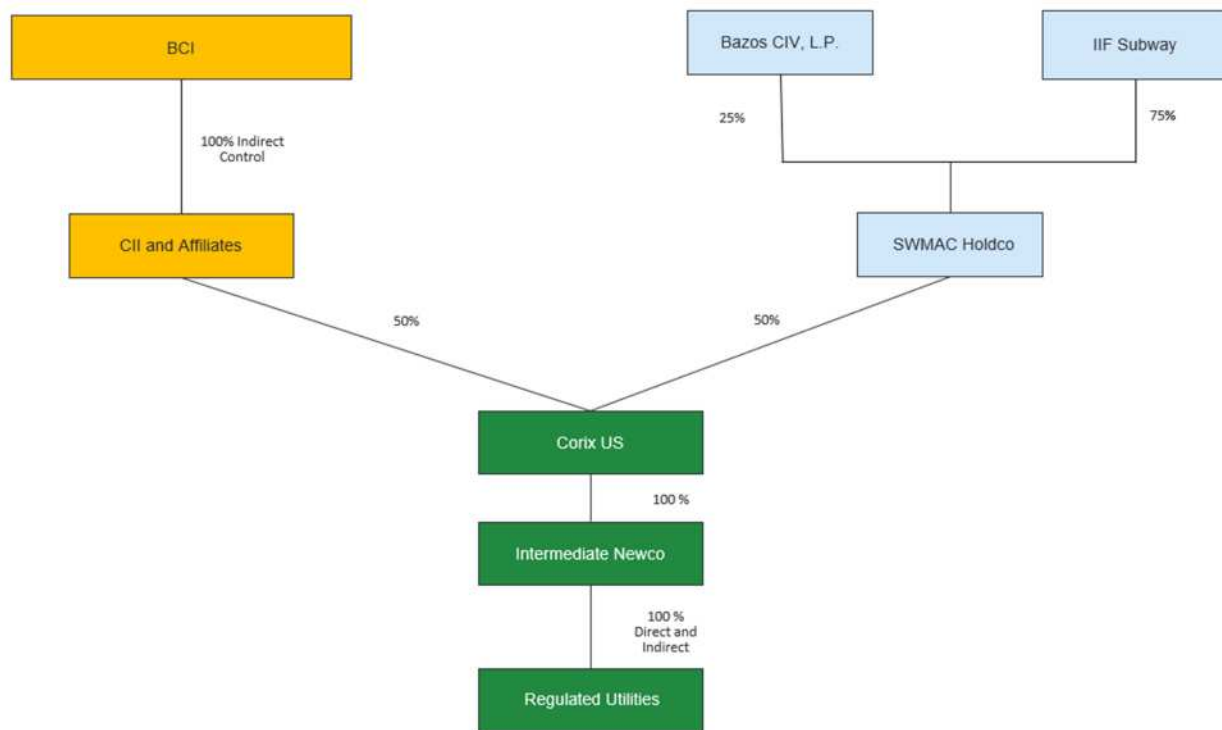


Figure 2¹



III. APPLICANTS

A. Suburban Water Systems

Suburban is a public utility organized under the laws of California, operating in California, engaged in the provision of water utility service to the public for compensation. Suburban's business address is 1325 N. Grand Avenue, Suite 100, Covina, CA 91724. Suburban is an investor-owned public utility pursuant to Public Utilities Code Section 216(a), does business as a regulated water utility in California, and is subject to the regulatory oversight of this Commission. Suburban presently

¹ It is anticipated that, as of closing, CII and an affiliate or affiliates of CII will collectively own 50% of Corix US's outstanding stock.

serves approximately 76,400 water customer connections in Los Angeles County and Orange County.

A certified copy of Suburban's Articles of Incorporation and all amendments thereto have heretofore been filed with the Commission in connection with Application Nos. 41492, 44154, 53900, 57025, 83-08-29, and 06-08-015. The Articles of Incorporation have not been subsequently amended. Suburban's most recent financial statement is included as Appendix A.

B. Corix Infrastructure Inc.

CII is a corporation incorporated under the laws of British Columbia, Canada. Its principal place of business is 1188 West Georgia Street, Suite 1160, Vancouver, British Columbia, Canada V6E 4A2. CII, through its operating subsidiaries, owns and operates approximately 385 water, 310 wastewater, two electricity distribution, one propane, three geothermal, one municipal, and three natural gas distribution systems in the United States and Canada. CII's water and wastewater utilities and related businesses serve over 800,000 people in 18 U.S. states and two Canadian provinces. CII's articles of incorporation² and qualification to conduct business in California are included as Appendix B. CII's most recent financial statement is included as Appendix C.

C. Corix Infrastructure (US) Inc.

Corix US is a corporation incorporated under the laws of Delaware. Corix US is owned by CII.³ The business address of Corix US is 1188 West Georgia Street, Suite

² British Columbia's Corporate Registry does not issue certified articles of incorporation. In lieu thereof, Appendix B includes a Secretary's Certificate of CII certifying certain information relating to the incorporation of CII.

³ British Columbia Investment Management Corporation indirectly controls Corix Infrastructure Inc.

1160, Vancouver, British Columbia, Canada V6E 4A2. Corix US is presently the direct or indirect parent for CII's US operating companies, comprising water and wastewater utilities in 18 states as well as certain district energy and joint venture businesses that are not within the scope of the business combination. The Certificate of Incorporation and Certificate of Qualification to conduct business in California are included as Appendix D. The most recent financial statement of Corix US is included as Appendix E.

D. IIF Subway Investment LP

IIF Subway is a Delaware limited partnership that owns 75% of SWMAC.⁴ IIF Subway is a subsidiary of the Infrastructure Investments Fund ("IIF"), an approximately \$26 billion open-ended private investment vehicle focused on investing in critical infrastructure assets.⁵ IIF is responsible for investing and growing the retirement money of more than 60 million families. IIF is a long-term owner of companies that provide essential services, including water, natural gas and electric utility services, renewable energy, and transportation infrastructure, which are all vital to the communities in which they operate. As of June 30, 2022, IIF owned 20 companies throughout North America, Europe, and Australia. IIF's principal place of business is 277 Park Avenue, 22nd Floor, New York, NY 10172. IIF Subway's Certificate of Limited Partnership and Certificate of Qualification to conduct business in California are included as Appendix F. IIF Subway's most recent financial statement is included as Appendix G.

⁴ Bazos CIV, L.P. ("Bazos"), a Delaware limited partnership, owns the remaining 25% of SWMAC's stock. Bazos is indirectly owned by the German reinsurer, Munich RE (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München).

⁵ As of June 30, 2022.

E. SW Merger Acquisition Corp.

SWMAC is a Delaware corporation that owns 100% of SouthWest. SWMAC's principal place of business is 12535 Reed Road, Sugar Land, Texas 77478. SWMAC, through its subsidiaries, owns and operates 18 water and wastewater utility companies in the United States. SouthWest's water and wastewater utilities provide service to over 500,000 people in seven U.S. states. SWMAC's Certificate of Incorporation and Certificate of Qualification to conduct business in California are included as Appendix H. SWMAC's most recent financial statement is included as Appendix I.

F. SouthWest Water Company

SouthWest is a Delaware corporation that owns 100% of Suburban. Its principal place of business is 12535 Reed Road, Sugar Land, Texas 77478. SouthWest, through its subsidiaries, owns and operates 18 water and wastewater utility companies in the United States. SouthWest's water and wastewater utilities provide service to over 500,000 people in seven U.S. states. SouthWest's Certificate of incorporation and Certificate of Qualification to conduct business in California are included as Appendix J. SouthWest's most recent financial statement is included as Appendix K.

IV. CONTACT INFORMATION

In accordance with Rule 2.1(b), the Applicants designate the following persons for receipt of correspondence and communications regarding this Application:

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V. REQUEST FOR RELIEF

Applicants seek authorization for the transfer of indirect control of Suburban resulting from the proposed transaction. This Application does not raise any new issues of law or policy. The Application and supporting documents contain sufficient

information to determine that the proposed transaction does not negatively affect customers. Applicants also request that the Commission find that the proposed transaction does not qualify as a “project” under the California Environmental Quality Act (“CEQA”), or, if the Commission finds that it does, that it falls under an exemption specified in the CEQA Guidelines.

VI. PROPOSED TRANSACTION

On August 26, 2022, CII and Corix US (the “Corix Parties”) entered into a transaction agreement (“Transaction Agreement”) with IIF Subway, SWMAC, and SouthWest (the “SouthWest Parties”). The Transaction Agreement, attached as Appendix L,⁶ provides a framework for combining CII’s water, wastewater and related businesses,⁷ with the water and wastewater businesses owned by SWMAC. When the transactions contemplated by the Transaction Agreement are completed, CII and an affiliate or affiliates of CII will own 50% of Corix US and SWMAC Holdco, a subsidiary of IIF Subway and Bazos that will be formed before closing, will own the other 50% of Corix US (the “Proposed Transaction”). Corix US, in turn, will indirectly own and control all the CII water, wastewater and related businesses, and the SWMAC water and

⁶ Exhibit A and Appendix I to Exhibit D of the Transaction Agreement, which contain confidential information, are not included with the Transaction Agreement filed with the Application. Unredacted versions and redacted public versions will be provided to parties to this proceeding upon request, in accordance with the Commission’s rules regarding confidential documents.

⁷ CII’s related businesses include the electric, natural gas, and propane distribution, geothermal energy delivery and municipal service operations of CII related to its U.S. and Canadian water and wastewater operations. This Application refers to these CII business activities as the related businesses. After the Proposed Transaction closes, the combined business will focus on owning and operating water and wastewater businesses.

wastewater businesses. To prepare for the transaction, both the Corix Parties and the SouthWest Parties will undertake pre-closing restructuring transactions. The pre-closing restructuring transactions are described in Appendix M.

After the Corix Parties and the SouthWest Parties complete the pre-closing restructuring transactions, SWMAC Holdco will contribute and assign all of the outstanding equity interests of SWMAC to Corix US in exchange for 50% of Corix US's stock. Following this step, SWMAC will merge with and into Corix US, with Corix US being the surviving entity. As a result of the foregoing, Corix US will acquire the outstanding stock of SouthWest currently owned by SWMAC, and Corix US will indirectly own Suburban.

Corix US then will transfer all of the outstanding equity of SouthWest and certain Corix US entities to Intermediate Newco.⁸ In exchange for this contribution of equity, Intermediate Newco will issue stock to Corix US and assume all of Corix US's third-party debt, with Intermediate Newco being a wholly owned subsidiary of Corix US.

Thus, upon consummation of the Proposed Transaction: (a) CII and an affiliate or affiliates of CII will own 50% of Corix US's stock; and (b) SWMAC Holdco will own the remaining 50% of Corix US's stock. Corix US will own all of the stock of Intermediate Newco, and Intermediate Newco will indirectly own all of the utility operating subsidiaries comprising the CII water, wastewater and related businesses, as well as the SWMAC water and wastewater business, completing the merger of equals.

As Appendix M shows, the proposed combination will occur well above the utility operating company level. For clarity, the proposed business combination does not

⁸ Corix US will transfer all of Inland Pacific Resource Inc's stock and all of Corix Utility Systems (Georgia) Inc.'s stock to Intermediate Newco.

involve the transfer of Suburban's stock or its assets. Nor will the stock or assets of Suburban be pledged or encumbered as a result of the Proposed Transaction.

Intermediate Newco will be headquartered in Sugar Land, Texas, and Corix US's current office in Chicago, Illinois, will serve as the hub of Intermediate Newco's shared service operations. The headquarters for Suburban will remain in Covina, California.

The current President of Suburban, Craig Gott, will remain its President. The Chief Executive Officer of the combined company will be Rob MacLean, the current CEO of SWMAC and SouthWest.

As of closing, the combined company will be governed by a board comprised of nine directors:

- The combined company's CEO;
- Four shareholder representatives; and
- Four independent directors (one of whom will be the chair).

The Transaction Agreement requires certain conditions to be satisfied in order to close the Proposed Transaction. These conditions include, but are not limited to, obtaining all applicable government approvals and consents. Based on the various closing conditions, the final closing is anticipated to occur in late 2023.

VII. APPLICANTS' REASONS FOR THE PROPOSED TRANSACTION

Rule 3.6(c) of the Commission's Rules of Practice and Procedure requires each Applicant to provide detailed reasons for entering into the Proposed Transaction.

A. Suburban's Reasons for Entering Into the Proposed Transaction

Suburban, as the operating utility regulated by the Commission, is an Applicant; however, Suburban is not a party to the Proposed Transaction. Nonetheless, it is

anticipated that Suburban customers will benefit from the Proposed Transaction through access to the combined company's financial resources, increased scale, and enhanced financial foundation.

B. CII's Reasons for Entering Into the Proposed Transaction

The Proposed Transaction is a transformative step that will allow CII to be better positioned for future success through increased diversification of its investments and broadening its ability to support investment in water and wastewater infrastructure serving its communities. The Proposed Transaction also allows CII to direct its district energy and joint venture efforts in a focused way in order to continue developing partnerships and opportunities in that line of business.

C. Corix US's Reasons for Entering Into the Proposed Transaction

The Proposed Transaction combines two complementary water and wastewater companies within Corix US that can efficiently and effectively share prudent practices, operational expertise, and resources to enhance service to the communities they serve. The Proposed Transaction positions Corix US for continued growth in an evolving industry.

D. IIF Subway's Reasons for Entering Into the Proposed Transaction

The Proposed Transaction is a transformative step that will allow IIF Subway to be better positioned for future success through increased diversification of its investments and broadening its ability to support investment in water and wastewater infrastructure serving the combined companies' communities.

E. SWMAC's Reasons for Entering Into the Proposed Transaction

The Proposed Transaction combines two complementary water and wastewater companies that can efficiently and effectively share prudent practices, operational expertise, and resources to enhance service to the communities they serve. The Proposed Transaction positions SWMAC for continued growth in an evolving industry.

F. SouthWest's Reasons for Entering Into the Proposed Transaction

The Proposed Transaction combines two complementary water and wastewater companies that can efficiently and effectively share prudent practices, operational expertise, and resources to enhance service to the communities they serve. The Proposed Transaction positions SouthWest for continued growth in an evolving industry.

VIII. APPLICABLE LAW AND RELEVANT PRECEDENT

Public Utilities Code Section 854(a) requires Commission approval prior to acquisitions by any person of direct or indirect ownership of a public utility. Authorization of a transfer of indirect control is in the public interest. The applicable standard is the "ratepayer indifference" standard (i.e., a showing that no negative effects result from the change of control).⁹ The Commission also has determined that while Sections 854(b) and 854(c) do not, by their terms, apply to water utilities, the Commission may consider some or all of those factors in examining the public interest impacts.¹⁰ Accordingly, Applicants will demonstrate that the Proposed Transaction will have no adverse effects with regard to the criteria enumerated in Sections 854(b) and 854(c) below.

⁹ See D.21-08-002, D.15-12-029, D.11-12-029, D.10-09-012.

¹⁰ D.15-12-029, p. 12, citing D.01-09-057.

IX. PUBLIC INTEREST

As outlined below and discussed in greater detail in testimony, the Proposed Transaction will result in the combination of two strong water and wastewater utility holding companies that both possess financial, technical, and managerial expertise in the water and wastewater industries while also having a shared mission and shared values. The Proposed Transaction is highly complementary and allows for sharing of prudent practices to support the creation of a larger, stronger water and wastewater company. Accordingly, the Proposed Transaction is consistent with the public interest and should be approved for, among others, the following reasons.

A. Shared Mission and Values

The Applicants share a mission to help people enjoy a better life and to help communities thrive. Their shared vision is to be the preferred utility delivering solutions that customers want. The Applicants also share common values centered on safety, environmental stewardship, integrity, employee empowerment, and excellence in how they serve their customers and communities and deliver on their commitments. As the Applicants have expanded their respective businesses over the years, their commitment to customers and the communities they serve has remained unchanged. That commitment continues today and will continue into the future.

B. Continued Local Presence.

Consistent with their shared mission and values, the Applicants believe in local governance and community presence. Just as Suburban today utilizes local employees and a California office and facilities to deliver water utility services to its California customers, after the Proposed Transaction closes, Suburban will continue to rely on

California employees, offices, and facilities to provide service to its California customers. After the Proposed Transaction is completed, Suburban will continue to actively support and maintain a presence in the communities it serves. In addition, CII and SWMAC have committed to refrain from any involuntary force reductions related to the combination for 12 months after the Proposed Transaction closes. This commitment to ensuring continuity of service and support for its employees recognizes Suburban's value as a steward of a precious resource in the communities it serves.

C. Financial, Technical, and Managerial Expertise

CII's and SWMAC's financial resources, strong leadership team, and managerial expertise make them exceptionally capable owners of water and wastewater utilities. CII, through its subsidiaries, provides water, wastewater and related utility and municipal services to approximately 800,000 people in 18 U.S. states,¹¹ and two Canadian provinces.¹² CII's subsidiaries employ about 800 people in the water, wastewater and related businesses who operate 385 water, 310 wastewater, two electricity distribution, one propane, three geothermal, one municipal, and three natural gas distribution systems in the United States and Canada. Similarly, SWMAC, through SouthWest and its operating subsidiaries, provides water and wastewater utility services to approximately 500,000 people in seven U.S. states – Alabama, California, Florida, Louisiana, Oregon, South Carolina, and Texas. SouthWest has approximately 500 employees operating approximately 170 water systems and 50 wastewater systems across those seven states. The combined company will have more than 1,300

¹¹ Alabama, Alaska, Arizona, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

¹² Alberta and British Columbia.

employees serving more than 1.3 million people across 20 U.S. states and two Canadian provinces.

The Proposed Transaction will provide Suburban's employees with access to additional experiences and resources, which will benefit Suburban's customers. The increased scale and enhanced financial foundation of the combined company will improve Suburban's ability to make significant, long-term investments required to continue providing quality water services to the local communities served by Suburban. The combined company's investments in water infrastructure improvements will ensure best-in-class service and high-quality water that is safe, reliable, sustainable and affordable.

D. Benefits to Customers

As noted above, the combined company's financial resources, increased scale, and enhanced financial foundation will benefit customers in California by enabling significant, long-term investments needed to continue providing best-in-class water services. These investments, together with the sharing of prudent practices and operating expertise of both companies, will benefit customers through the continued safe, reliable, and sustainable delivery of critical water services and high-quality customer service. The combination will create a more diverse group of employees with more collective knowledge and expertise in providing quality water services, which will be shared throughout the combined company, including the employees in California.

In addition, the combination is expected to produce financial benefits, such as reductions in board governance costs, audit expenses, and senior executive costs, which will benefit customers. The combination also is expected to produce longer term

financial benefits as the integration of CII's and SouthWest's water and wastewater businesses occurs methodically and systematically over time.

E. Impact on Rates

The combination will have no immediate impact on Suburban's rates. Customers may realize the benefits of the Proposed Transaction over time when the combined company's cost structure is reflected in Suburban's revenue requirement in future rate proceedings.

F. Impact on Commission Regulation of Suburban

The combination will have no impact on the Commission's continuing regulation of Suburban as a regulated water utility in California. Suburban will remain a public utility subject to regulation by the Commission pursuant to the California Public Utilities Code.

G. Well-Positioned for Growth

The increased scale, expertise, and financial resources of the combined company will position Suburban for continued growth in California. As the Commission is aware, Suburban recently expanded its presence in California through the acquisition of the Sativa County Water District.¹³ The combination proposed here will further improve Suburban's ability to continue to grow its operations in California and enhance local scale, purchasing power, and operational efficiencies.

X. POST-CLOSING INTEGRATION PLANS

To achieve an efficient and productive integration of CII's water, wastewater and related businesses with SouthWest's water and wastewater businesses and maximize

¹³ D.22-04-010.

the longer-term benefits for customers, once the Proposed Transaction is consummated (which is anticipated to occur in late 2023, after all required approvals are received), the combined company plans to methodically and systematically address integration opportunities. This will include in-depth analyses of integration benefits and costs, and development of plans for integrating systems, operations, processes, and resources.

Although CII and SWMAC do not expect significant net financial synergies to result from the proposed combination, the companies do expect to be able to identify and achieve cost savings as a result of future integration. The integration of CII's water, wastewater, and related businesses with SouthWest's water and wastewater businesses will be a significant undertaking, and such savings will occur over time as a result of the combination and the integration of various functions. Of course, there will be costs associated with integrating certain functions and activities. Customers will receive the benefits of these efforts, net of integration costs, in future rate proceedings.

Until the cost allocation manual that is used to allocate corporate shared services to Suburban is updated, Suburban will continue to use its existing cost allocation manual for the allocation of such costs. Any update of the cost allocation manual will be done in accordance with the Commission's then-effective affiliate transaction rules for water utilities, as applicable.¹⁴

XI. COMMITMENTS TO THE COMMISSION AND STAKEHOLDERS

Consistent with their shared mission and values, the Applicants make the following commitments (the "Consumer Protection Commitments"):

¹⁴ D.11-10-034, Appendix A.

1. Suburban will continue to provide high-quality water utility service to Suburban's customers.
2. Suburban will continue to maintain a strong local presence in California in terms of employees, facilities and offices, and community support.
3. The Applicants have incurred and will incur transaction costs. The Applicants, including Suburban, will not seek to recover transaction costs from customers.
4. While the Proposed Transaction is not driven by net financial synergies, the Applicants anticipate that the business combination will improve efficiency and the integration of administrative and general functions should result in cost savings. The integration of CII's water, wastewater and related businesses with SouthWest's water and wastewater business will be a significant, prolonged undertaking. The Applicants acknowledge that costs and benefits associated with integration will be addressed in future ratemaking proceedings.
5. In accordance with the Commission's affiliate transaction rules, Suburban will obtain all required approvals with respect to any debt issuances and any affiliate transactions following the Proposed Transaction.
6. The proceeds of any debt incurred by Suburban will only be used for purposes specific to Suburban's system or operations.
7. Unless it first obtains the Commission's approval, Suburban will not transfer any material asset to Intermediate Newco or an affiliate except

in an arm's length transaction and in compliance with Commission rules and the laws of the State of California.

8. The combined company will be established with a target investment grade capital structure profile and operated in a manner that is consistent with maintaining an investment grade profile.
9. The combined company, including Suburban, will refrain from any involuntary reduction in force related to the combination for the first 12 months after the Proposed Transaction closes.
10. Suburban will comply with the Commission's affiliate transaction rules and present any new affiliated interest and/or shared services agreements to the Commission for approval, if required, pursuant to the Commission's rules.

XII. PUBLIC UTILITIES CODE

A. Section 854(b) Criteria

1. Provide short-term and long-term economic benefits to ratepayers.

The Proposed Transaction is expected to produce financial benefits, such as reductions in board governance costs, audit expenses, and senior executive costs, which will benefit customers. The combination also is expected to produce longer-term financial benefits as the integration of CII's and SouthWest's water and wastewater businesses occurs methodically and systematically over time. Although CII and SWMAC do not expect significant net financial synergies to result from the proposed combination, the companies do expect to be able to identify and achieve cost savings as a result of the future integration. The integration of CII's water, wastewater and

related businesses with SouthWest's water and wastewater businesses will be a significant undertaking and such savings will occur over time as a result of the combination and the integration of various corporate and administrative functions. Of course, there will be costs associated with integrating certain functions and activities. Customers will receive the benefits of these efforts, net of integration costs, in future rate proceedings.

2. Allocate the total short-term and long-term economic benefits, as determined by the Commission. Ratepayers shall not receive less than 50% of the benefits.

As stated above, ratepayers will benefit from the benefits, net of integration costs, as they are reflected in Suburban's revenue requirement in future rate proceedings.

3. Not adversely affect competition.

Competition will not be adversely affected, as the Corix Parties do not own or operate any water or wastewater utilities in California.

B. Section 854(c) Criteria

1. Maintain or improve the financial condition of the resulting public utility doing business in the state.

The financial condition of Suburban will be maintained or improved as a result of the Proposed Transaction through access to the combined company's financial resources, increased scale, and enhanced financial foundation.

2. Maintain or improve the quality of service to public utility ratepayers in the state.

The quality of service to public utility ratepayers in California will be maintained or improved, as the employees of Suburban and SouthWest will have access to a more diverse workforce with more collective knowledge and expertise.

3. Maintain or improve the quality of management of the resulting public utility doing business in the state.

The quality of management of Suburban will be maintained or improved, as its management team will remain in place and will have access to the sharing of prudent practices from the Corix Companies.

4. Be fair and reasonable to affected public utility employees, including both union and nonunion employees.

The Proposed Transaction will be fair and reasonable to affected public utility employees, in that they will have access to additional opportunities as part of a larger organization, and there will be no involuntary force reductions related to the combination for the first 12 months after the transaction closes.

5. Be fair and reasonable to the majority of all affected public utility shareholders.

The Proposed Transaction will be fair and reasonable to the majority of all shareholders of the affected public utility, Suburban, as the entities owning and acquiring indirect ownership are parties to the arms-length Transaction Agreement.

6. Be beneficial on an overall basis to state and local economies and to the communities in the area served by the resulting public utility.

The Proposed Transaction will be beneficial on an overall basis to state and local economies and to the communities in the area served by Suburban, as Suburban will be

part of a larger, stronger organization with increased scale, expertise, and financial resources.

7. Preserve the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit public utility operations in the state.

The jurisdiction of the Commission and the capacity of the Commission to effectively regulate Suburban's operations in California will be preserved, as the Proposed Transaction will take place at a holding company level well above Suburban.

8. Provide mitigation measures to prevent significant adverse consequences that may result.

The Proposed Transaction provides mitigation measures to prevent significant adverse consequences that may result through the Customer Protection Commitments.

XIII. CEQA COMPLIANCE

Rule 2.4 of the Commission's Rules of Practice and Procedure requires applications to address the applicability of the California Environmental Quality Act ("CEQA") to the proposed project or transaction that is the subject of the application. The Proposed Transaction is not subject to CEQA, because it does not constitute a "project" within the meaning of CEQA. Projects under CEQA are specifically defined as any "activity which may cause either a direct physical change [to] the environment, or a reasonably foreseeable indirect physical change in the environment."¹⁵ A proposed "activity [that] will not result in a direct or reasonably foreseeable indirect physical change in the environment" is not subject to CEQA.¹⁶ Similarly, where "it can be seen

¹⁵ See Cal. Pub. Res. Code § 21065

¹⁶ Cal. Code Reg., Title 14, Div. 6, ch. 3 ("CEQA Guidelines") at § 15060(c)(2).

with certainty that there is no possibility that the [proposed] activity in question may have a significant effect on the environment, the activity is not subject to CEQA.”¹⁷

This Application seeks Commission approval of the transfer of indirect control of Suburban. Critically, once the Proposed Transaction is completed, there will be no change in the operation of the Suburban assets. They will be used and operated in the same manner and for the same purposes for which they are currently being used – to provide water service. The Commission has consistently held that such a transfer of control of existing water system facilities does not result in any significant effects on the environment, and thus, an application seeking authorization for such a transaction is not subject to CEQA.¹⁸ Here, the Proposed Transaction is not subject to the provisions of CEQA because it is clear that no “direct or reasonably foreseeable indirect physical change in the environment” will occur as a result of the Proposed Transaction.

XIV. RULE 2.1(C)

Applicants request that the Commission classify this Application as ratesetting.¹⁹ The issue presented in the Application is whether the Proposed Transaction is consistent with and not adverse to the public interest. Applicants believe that this issue should not raise material contested issues of fact, so evidentiary hearings may not be required. Applicants propose the following schedule to allow for timely resolution of this matter:

EVENT	DAY
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¹⁷ CEQA Guidelines at § 15061(b)(3).

¹⁸ See D.15-12-029, D.10-09-002.

¹⁹ Although Applicants are not seeking a rate increase in this proceeding, under the Commission’s Rules of Practice and Procedure the ratesetting categorization is used when a proceeding does not clearly fit into any of the Commission’s categories. CPUC Rule 7.1(c)(2).

Application Filed	November 9, 2022
Protest	30 days after the Application appears in the Commission's Daily Calendar
Reply to Protest	40 days after the Application appears in the Commission's Daily Calendar
Prehearing Conference	January 2023
Scoping Memo	February 2023
Draft Decision (if no protests)	March 2023
Intervenor Testimony (if necessary)	March 2023
Rebuttal Testimony (if necessary)	April 2023
Settlement (if necessary)	May 2023
Hearings (if necessary)	June 2023
Opening and Reply Briefs (if necessary)	July 2023
Proposed Decision	October 2023
Final Decision	November 2023

XV. SUPPORT FOR APPLICATION

Appendices:

- Appendix A – Suburban's most recent financial statement
- Appendix B – CII's articles of incorporation and qualification to do business in the State of California
- Appendix C – CII's most recent financial statement
- Appendix D – Corix US's articles of incorporation and qualification to do business in the State of California

- Appendix E – Corix US’s most recent financial statement
- Appendix F – IIF Subway’s certificate of limited partnership and qualification to do business in the State of California
- Appendix G – IIF Subway’s most recent financial statement
- Appendix H – SWMAC’s articles of incorporation and qualification to do business in the State of California
- Appendix I – SWMAC’s most recent financial statement
- Appendix J – SouthWest’s articles of incorporation and qualification to do business in the State of California
- Appendix K – SouthWest’s most recent financial statement
- Appendix L – Transaction Agreement²⁰
- Appendix M – Pre-closing restructuring transaction summary and pre- and post-closing simplified organizational charts

Testimony:

- Direct Testimony of Craig Gott, Suburban
- Direct Testimony of Ellen Lapson, Lapson Advisory
- Direct Testimony of Brian D. Bahr, SouthWest
- Direct Testimony of Steven M. Lubertozi, Corix

Pursuant to Rule 1.7(b), testimony has been served but not filed.

²⁰ Exhibit A and Appendix I to Exhibit D of the Transaction Agreement, which contain confidential information, are not included with the Transaction Agreement filed with the application. Unredacted versions and redacted public versions will be provided upon request in accordance with the Commission’s rules regarding confidential documents.

XVI. CONCLUSION

WHEREUPON the Applicants hereby request that the Commission find that the Proposed Transaction is consistent with and not adverse to the public interest:

Authorize the transfer of indirect control of Suburban; and

Grant such other relief as may be appropriate and necessary to allow the Applicants to consummate the Proposed Transaction.

Respectfully submitted,

/s/ Lori Anne Dolqueist

Nossaman LLP
50 California Street, 34th Floor
San Francisco, CA 9411
415-398-3600

Ldolqueist@nossaman.com

Attorney for IIF Subway LP, SW Merger
Acquisition Corp., SouthWest Water Company
and Suburban Water Systems

November 9, 2022

VERIFICATION

I, Joseph Park, declare and verify the following:

This verification is made in connection with the “Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction” (“the Application”).

I am an officer of SouthWest Water Company and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 7th day of November, 2022 at Columbia, South Carolina.



Joseph Park

VERIFICATION

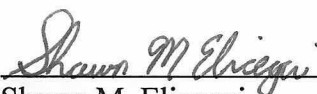
I, Shawn M. Elicegui, declare and verify the following:

This verification is made in connection with the "Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction" ("the Application").

I am an officer of Corix Infrastructure Inc. and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 6th day of November, 2022 at Reno, Nevada.


Shawn M. Elicegui
Corporate Secretary

VERIFICATION

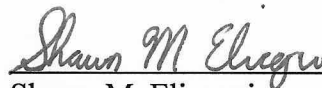
I, Shawn M. Elicegui, declare and verify the following:

This verification is made in connection with the "Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction" ("the Application").

I am an officer of Corix Infrastructure (US) Inc. and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 6th day of November, 2022 at Reno, Nevada.

A handwritten signature in cursive script, reading "Shawn M. Elicegui", is written over a horizontal line.

Shawn M. Elicegui
Corporate Secretary

VERIFICATION

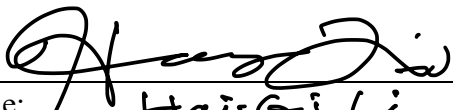
I, Hai-Gi Li, declare and verify the following:

This verification is made in connection with the “Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction” (“the Application”).

I am an authorized signatory for IIF Water Manager LLC, the general partner of IIF Subway Investment LP and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 7th day of November, 2022 at 277 Park Ave, NY 10017


Name: Hai-Gi Li
Title: Authorized Signatory

VERIFICATION

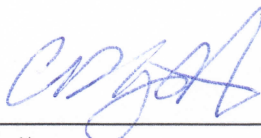
I, Craig Gott, declare and verify the following:

This verification is made in connection with the "Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction" ("the Application").

I am an officer of Suburban Water Systems and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 7th day of November, 2022 at Pasadena, California.



Craig Gott

VERIFICATION

I, Joseph Park, declare and verify the following:

This verification is made in connection with the “Joint Application of Corix Infrastructure Inc., Corix Infrastructure (US) Inc., IIF Subway Investment LP, SW Merger Acquisition Corp., SouthWest Water Company, and Suburban Water Systems (U339W) for Approval of a Business Combination Transaction” (“the Application”).

I am an officer of SW Merger Acquisition Corp. and am authorized to make this verification for and on its behalf, and I make this verification for that reason. The matters stated in the Application are true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 7th day of November, 2022 at Columbia, South Carolina.



Joseph Park